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**U.S. JUDGE RAISES TOTAL DAMAGES TO MORE THAN \$334 MILLION
AGAINST AMERIGROUP HMO IN PREGNANCY DISCRIMINATION CASE**

CHICAGO – Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Illinois Attorney General Lisa Madigan today announced that a federal judge imposed civil penalties of more than \$190 million against Amerigroup Illinois and Amerigroup Corporation, raising the companies' total liability to more than \$334 million, following a federal health care fraud trial last fall. A federal jury last October found both companies liable for systematic and extensive fraud in the Medicaid program, which is funded jointly by the federal and state governments. The jury had awarded the United States and the State of Illinois \$48 million in damages, which is automatically tripled under the federal False Claims Act and the Illinois Whistleblower Reward and Protection Act to \$144 million. The jury verdict combined with the civil penalties imposed today brings Amerigroup's total liability to \$334,365,000.

The damages are the largest ever awarded in a federal healthcare fraud case in the Northern District of Illinois. Senior U.S. District Judge Harry Leinenweber based the penalties on a finding of 18,130 false claims and assessed a penalty of \$10,500 on each false claim, totaling \$190,365 million.

“This Court is convinced that Defendants’ [Amerigroup] conduct was egregious and calculated,” Judge Leinenweber wrote in today’s order.

“This award sends a strong message that health care fraud is taken seriously by the U.S. Attorney’s Office, the state Attorney General’s Office, and the judicial system. Our office will not hesitate to investigate and prosecute health care fraud, whether by insurance companies, hospitals, or physicians,” Mr. Fitzgerald said.

From 2000 to 2004, Amerigroup was paid \$243 million to set up a Medicaid managed care health plan in Illinois that would help low income people get the care they need. Amerigroup was paid, in part, to help low income pregnant women who had inadequate prenatal care to navigate the complicated healthcare system and find care. Amerigroup spent less than half of the funds they were paid by the state and federal governments on providing healthcare. In accordance with federal law and its contract with the state, Amerigroup was required to market to all eligible Medicaid beneficiaries and was prohibited from discriminating on the basis of health status or need for health services.

The jury found that Amerigroup illegally avoided pregnant women and other people with expensive health conditions while continuing to receive state and federal dollars that were paid with the understanding that Amerigroup was not engaging in health status discrimination. The result of Amerigroup’s discrimination was that the federal and state governments overpaid Amerigroup by millions of dollars.

The verdict followed a three-week trial after nearly four years of litigation originally filed by Amerigroup Illinois’ former head of government relations, Cleveland Tyson, under the False Claims Act and the Illinois Whistleblower Reward and Protection Act. In 2005, the Illinois Attorney General and the U.S. Department of Justice joined the case. Under the law, Mr. Tyson is entitled

to receive between 15 and 25 percent of the total damages awarded in the case. Mr. Tyson's attorneys, Fred Cohen and David Chizewer from the law firm of Goldberg, Kohn tried the case in cooperation with the government attorneys. *United States, ex rel. Cleveland Tyson, et al. v. Amerigroup Illinois, Inc., et al.*, 02 C 6074 (N.D. IL.)

The case was prosecuted for the United States by Assistant U.S. Attorneys Samuel B. Cole and Michele Fox, and for the State of Illinois by Assistant Attorneys General David J. Adams and Anne R.K. Reader.

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